CITADEL
Group of Funds

Citadel Diversified Investment Trust

Citadel S-1 Income Trust Fund

Citadel HYTES Fund

Citadel SMaRT Fund

Citadel Premium Income Fund

Series S-1 Income Fund

Income & Equity Index Participation Fund

Energy Plus Income Trust

Citadel Stable S-1 Income Fund

Sustainable Production Energy Trust

Equal Weight Plus Fund

CGF Resource 2006 Flow-Through Limited Partnership

Financial Preferred Securities Corporation

Sustainable Production Energy Trust

ANNUAL REPORT 2006

Sustainable Production Energy Trust

Sustainable Production Energy Trust (the "Fund" or "Sustainable") is a closed-end investment trust which became listed on the Toronto Stock Exchange upon closing of its initial public offering on October 17, 2005. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the fund by special resolution passed at a meeting called for such purpose.

Pursuant to the Fund's distribution policy, Sustainable pays monthly cash distributions to the extent of the distributions received from the Fund's portfolio less expenses. During 2006, Sustainable paid total cash distributions of $0.90 per unit based on monthly distributions of $0.075 per unit. For the period from October 17, 2005 (date of initial public offering) to December 31, 2005, the Fund paid total cash distributions of $0.15 per unit.

INVESTMENT HIGHLIGHTS:

	2006	2005
Net Asset Value per Unit [1]	$ 6.43	$ 9.64
Market Price per Unit [1]	$ 6.00	$ 9.70
Trading Premium (Discount)	(6.7%)	0.6%
Cash Distributions per Unit [2]	$ 0.90	$ 0.15
12 Month Trailing Yield [3]	15.0%	n/a
Market Capitalization ($ millions)	$ 49.4	$ 82.1

(1) Net asset value and market price per unit are based on year end values.

(2) First monthly distribution had a record date of October 31, 2005 and was paid November 15, 2005.

(3) Trailing yield is based on the last 12 months cash distributions declared expressed as a percentage of market price.

Management Report of Fund Performance

(March 21, 2007)

This annual report for the year ended December 31, 2006 and for the period ended December 31, 2005 includes both the management report of fund performance, containing financial highlights, and the audited financial statements of Sustainable Production Energy Trust (the "Fund" or "Sustainable").

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Sustainable's investment objectives are to provide investors with monthly cash distributions and to maintain the production and reserves underlying each trust unit over time by combining a portfolio of oil and gas trusts with a portfolio of oil and gas corporations. The Fund, through its investment manager, will seek to achieve these investment objectives by actively managing a diversified portfolio of oil and gas trusts and corporations.

RISK

There are a number of risks associated with an investment in Sustainable Production Energy Trust. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks.

On October 31, 2006 the Federal Minister of Finance (the "Finance Minister") announced a proposal (the "Trust Taxation Plan") to apply a tax at the trust/partnership level on distributions of certain income from publicly traded mutual fund trusts and partnerships at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the unitholders. The Finance Minister said existing trusts and partnerships would have a four-year transition period and generally would not be subject to the new rules until 2011. Until such rules are released in legislative form and passed into law it is uncertain what the impact of such rules will be to Canadian income funds (including publicly traded partnerships) and their investors. However, assuming the Trust Taxation Plan is ultimately enacted in the form proposed, those Canadian income fund issuers in which the Trust invests (other than real estate investment trusts that meet prescribed conditions under the new rules) will be subject to the Trust Taxation Plan commencing in 2011 and the implementation of such proposal would be expected to result in adverse tax consequences to such Canadian income funds and to adversely impact cash distributions from such Canadian income funds to the Trust. Based on the composition of the Trust's Portfolio, it is not expected that the Trust itself would be considered a "specified investment flow-through" under the Trust Taxation Plan, and therefore it is expected that the Trust itself will continue not to be directly liable for any material amount of income tax.

RESULTS OF OPERATIONS

Sustainable closed its initial public offering on October 17, 2005 and became substantially invested by year end of 2005 with approximately 8% remaining in cash. During 2006, the oil and gas sector experienced significant volatility as oil and natural gas prices retreated, followed by further portfolio devaluations created by the Government's Trust Taxation Plan in the last quarter of the year. As a result, the Fund's net assets fell to $53.0 million or $6.43 per unit by the end of 2006 from $81.5 million or $9.64 per unit at December 31, 2005.

The Fund's market price also closed down from its 2005 year end price of $9.70 per unit to $6.00 per unit at December 31, 2006. Sustainable' unit price decline plus monthly cash distributions produced a negative 30.8% total return for 2006, while the Fund generated a negative 25.3% total return on a net asset value basis. By comparison, the S&P/TSX Energy Trust Index decreased by 3.7% over the same period.

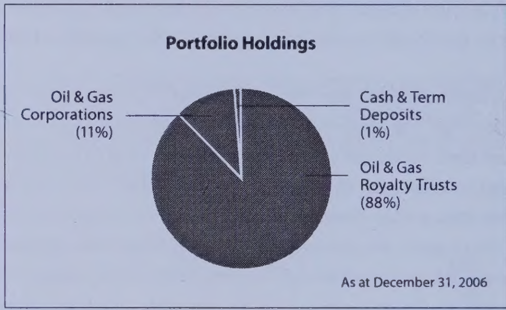
Total revenue in the Fund's first full year of operation was $7.3 million compared to $1.9 million over the period from October 17, 2005 to December 31, 2005. Administrative and investment manager fees, which are paid in units and calculated in reference to the Fund's net asset value, totaled $0.84 million in 2006 compared to $0.19 million over the short period in 2005. Trailer fees, which are also calculated in reference to the Fund's net asset value, totaled $0.28 million for 2006 and $0.08 million in 2005. The Fund utilized varying levels of leverage throughout the year, with loan interest of $0.38 million in 2006. At year end 2006, the Fund maintained leverage of $9.0 million (2005 – nil). General and administrative costs, including other expenses, totaled $0.29 million in 2006 compared to $0.04 million in 2005. After total expenses of $1.8 million (2005 - $0.3 million), the Fund generated net investment income of $5.5 million or $0.66 per unit in 2006. By comparison, net investment income was $1.6 million or $0.19 per unit over the short period in 2005.

The Fund realized significant losses of $6.7 million on the sale of investments as the Investment Manager made numerous changes to the portfolio in 2006. With the strong pullback in the last half of 2006, the Fund experienced

unrealized losses of $18.2 million compared to unrealized gains of $1.3 million in 2005. The large unrealized losses in 2006 contributed to the Fund generating negative results of operations totaling $19.4 million or negative $2.32 per unit. Comparatively, results of operations totaled $3.0 million or $0.35 per unit in 2005.

During 2006, Sustainable paid monthly cash distributions of $0.075 per unit to unitholders for a total of $7.5 million or $0.90 per unit compared to $1.3 million or $0.15 per unit in 2005.

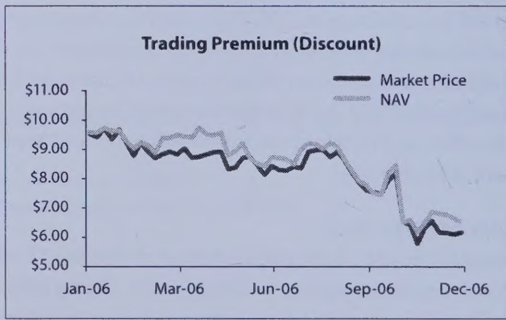
Sustainable uses leverage as part of its investment strategy. During 2006, the maximum borrowings were $13.0 million while the minimum amount drawn was nil. The Fund maintains a revolving credit facility with a maximum of $20.0 million.



The Fund's portfolio mix has remained materially consistent despite significant portfolio turnover during the year. Overall, the Fund enhanced its exposure to the oil & gas royalty trusts while reducing its oil & gas corporations and cash positions.

TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

During 2006, Sustainable's unit price traded at an average discount to its net asset value of 3.6% compared to an average premium of 2.1% in 2005. With the widening discount, the Fund was required to repurchase 313,900 units (2005 – no units) for cancellation under its mandatory repurchase program at an average cost of $7.92 per unit. Under its mandatory repurchase program, the Fund is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the units outstanding.



RECENT DEVELOPMENTS

On January 2, 2007, unitholders redeemed a total of 757,067 trust units at a redemption value of $6.43 per unit for a total of $4.9 million. Unitholders of the Fund have the right to redeem their units on an annual basis in January of each year. The redemption value is net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount.

Throughout 2006, the energy trust sector experienced pronounced periods of volatility as commodity prices rose and fell in addition to the valuation destruction created by the Government's Trust Taxation Plan. Despite the current unsettled market conditions, the Fund's investment manager feels all negative news has been priced into the trust sector and as a result is optimistic about the opportunities to generate strong returns for the Fund in 2007. In addition, the investment manager expects natural gas prices to strengthen given record drawdowns from storage and continued strong demand, therefore has weighted the portfolio towards natural gas. Based upon the Fund's current portfolio and analysts' estimates of distributions, Sustainable expects to maintain its monthly distribution rate of $0.075 per unit for 2007.

Investment Fund Governance Legislation

During 2006, Canadian securities regulators passed legislation requiring independent oversight over the management of Canadian investment funds. National Instrument 81-107 Independent Review Committee for Investment Funds ("NI 81-107") came into effect on November 1, 2006. Under NI 81-107, an Independent Review Committee

("IRC") is required to be established by May 1, 2007. The main responsibility of the IRC is to govern over perceived conflicts of interest between investment funds, their managers and related third parties. Policies and procedures are to be adopted no later than November 1, 2007 and investment funds must be in full compliance of NI 81-107 at that time. Sustainable continues to research and develop its IRC and expects to meet each implementation date requirement.

New CICA Financial Instrument Standard

The Canadian Institute of Chartered Accountants has recently issued Section 3855, "Financial Instruments – Recognition and Measurement". Of importance to investment funds are new definitions and requirements for determining the fair value of financial instruments, particularly investments. Since current securities regulations require that investment funds calculate Net Asset Value ("NAV") in accordance with Generally Accepted Accounting Principles ("GAAP"), This new standard impacts the way in which net asset value is determined. For securities quoted on an open market, the new standard requires the use of bid prices for an asset held as opposed to the closing prices currently used. Bid prices are normally less than closing prices which will result in lower net asset values. Currently, transaction costs such as broker fees are added to the cost base of investments purchased and deducted from the proceeds of investments sold. The new standard requires that these costs be expensed. Although this does not affect the overall NAV, it will increase expenses and the management expense ratio. The new standard is effective January 1, 2007 for Sustainable. Canadian securities regulators have been granted relief from the requirement to calculate NAV for purposes other than financial statements in accordance with this standard, allowing them and investment fund managers the opportunity to further study the issue. This relief is in effect until the earlier of September 30, 2007 and the date on which legislation with respect to calculating NAV for purposes other than financial statements is changed. Until that time, Sustainable intends to calculate NAV under the old method, specifically using closing rather than bid prices, for all purposes other than financial statements.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that we will derive therefrom.

RELATED PARTY TRANSACTIONS

Sustainable PE Management Inc. is the administrator of Sustainable, which is a member of the Citadel Group of Funds. CIFSG Funds Inc. provides administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs are allocated among the Citadel Group of Funds on a relative net asset value basis.

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears. The administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for the period since inception to December 31, 2006.

Net Asset Value (NAV) per Unit

	2006	2005[1]
NAV, beginning of period	$ 9.64	$ 9.41
Increase (decrease) from operations:		
Total revenue	0.87	0.23
Total expenses	(0.21)	(0.04)
Realized gains (losses)	(0.80)	0.01
Unrealized gains (losses)	(2.18)	0.15
Total increase (decrease) from operations	(2.32)	0.35
Distributions:		
From net investment income	0.76	0.15
Return of capital	0.14	–
Total cash distributions	0.90	0.15
NAV, end of period	$ 6.43	$ 9.64

[1] The Fund commenced operations on October 17, 2005.

Net asset value ("NAV") and cash distributions are based on the actual number of units outstanding at the time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of NAV since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets and accordingly columns may not add.

Ratios and Supplemental Data

	2006	2005
Net assets ($ 000's)	$ 52,951	$ 81,535
Number of units outstanding	8,240,155	8,461,311
Management expense ratio	2.52%	1.91%
Portfolio turnover ratio	86.89%	14.82%
Trading expense ratio	0.50%	1.64%
Closing market price	$ 6.00	$ 9.70

Management expense ratio is based on total expenses for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

MANAGEMENT FEES

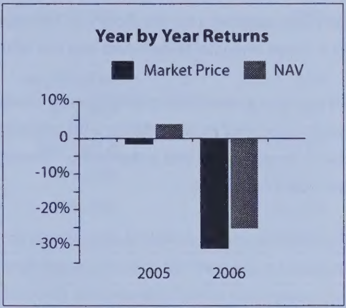
Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears. Galileo Equity Management Inc., as investment manager to the Fund, provides investment management

services to the Fund in exchange for its share of the management fee. These fees represent payment for the administrative and investment management services provided to the Fund.

PAST PERFORMANCE

Sustainable's performance numbers represent the compound total returns over the period from inception in October 2005 to December 31, 2006 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net asset value plus the reinvestment of all distributions in additional units of the Fund.

Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.



ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Sustainable based on market price and net asset value with comparison to the S&P/TSX Capped Income Trust Index for the periods indicated to December 31, 2006.

	1 Year	Since inception
Sustainable Production (market price)	(30.76%)	(27.31%)
Sustainable Production (net asset value)	(25.34%)	(18.99%)
S&P/TSX Capped Energy Trust Index	(3.72%)	5.46%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2006
Net Assets: $52,950,639

Portfolio by Sector	% of Net Assets
Oil & Gas Royalty Trusts	**100.7%**
Oil & Gas Corporations	**12.7%**
Cash and Term Deposits	**0.8%**
Sustainable units (repurchased for cancellation)	**0.1%**
Liabilities, net of other assets	**(14.3%)**
Total Net Assets	**100.0%**

TOP HOLDINGS (as a % of net assets)

Crescent Point Energy Trust	10.0%	Daylight Resources Trust	5.8%
Vermilion Energy Trust	9.9%	Trilogy Energy Trust	4.3%
Bonavista Energy Trust	9.6%	PennWest Energy Trust	3.7%
Baytex Energy Trust	9.5%	Crew Energy Inc.	3.5%
Progress Energy Trust	9.0%	ProEx Energy Ltd.	3.3%
Focus Energy Trust	8.8%	Highpine Oil & Gas Ltd.	2.1%
Fairborne Energy Ltd.	8.6%	Vero Energy Inc.	1.1%
Zargon Energy Trust	8.2%	Bankers Petroleum Ltd.	1.1%
NAL Oil & Gas Trust	7.6%	Midnight Oil Exploration Ltd.	0.9%
Paramount Energy Trust	5.9%	Cyries Energy Inc.	0.7%

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.citadelfunds.com.

Management's Responsibility Statement

The financial statements of Sustainable Production Energy Trust have been prepared by Sustainable PE Management Inc. ("SPEM") and approved by the Board of Directors of SPEM. SPEM is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

SPEM maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of SPEM is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of SPEM and its Board of Directors has appointed the external audit firm of PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

James T. Bruvall
Chief Executive Officer
Sustainable PE Management Inc.
March 21, 2007

Darren K. Duncan
Chief Financial Officer
Sustainable PE Management Inc.

Auditors' Report to Unitholders

To the Unitholders of Sustainable Production Energy Trust

We have audited the statements of net assets and investments of Sustainable Production Energy Trust as at December 31, 2006 and 2005, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2006 and for the period from August 29, 2005, the date of inception of the Fund, to December 31, 2005. These financial statements are the responsibility of management of the Fund's Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2006 and 2005 and the results of its operations, the changes in its net assets and cash flows for the year ended December 31, 2006 and for the period from August 29, 2005, the date of inception of the Fund, to December 31, 2005 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta
March 21, 2007

Statement of Net Assets

As at December 31,	2006	2005
Assets		
Investments, at market	**$ 60,058,218**	$ 74,651,610
Cash and term deposits	**415,989**	6,308,637
Receivable for investments sold	**1,277,015**	516,466
Revenue receivable	**581,950**	738,502
Accounts receivable	**285,590**	90,296
Prepaid expenses	**38,589**	49,479
	62,657,351	82,354,990
Liabilities		
Accounts payable and accrued liabilities	**57,680**	185,798
Payable for investments purchased	**31,020**	–
Distributions payable	**618,012**	634,598
Loan payable	**9,000,000**	–
	9,706,712	820,396
Net Assets representing Unitholders' Equity	**$ 52,950,639**	$ 81,534,594
Units outstanding (note 3)	**8,240,155**	8,461,311
Net asset value per unit	**$ 6.43**	$ 9.64

see accompanying notes

Signed on behalf of the Board,

Harold P. Milavsky
Chairman of the Board

James T. Bruvall
Director and Chief Executive Officer

Statement of Operations

	Year ended December 31, 2006	Period from August 29, 2005 to December 31, 2005
Revenue		
Distribution income	$ **7,249,996**	$ 1,792,677
Interest income	**52,181**	122,896
	7,302,177	1,915,573
Expenses		
Administrative and investment manager fees (note 4)	**838,456**	191,188
Loan interest	**380,908**	–
Trailer fee (note 5)	**282,972**	76,152
General and administration costs	**107,572**	15,459
Directors' fees	**70,828**	13,021
Reporting costs	**28,468**	6,042
Legal fees	**24,860**	21
Audit fees	**23,670**	3,892
Custodial fees	**12,805**	5,876
Trustee fees	**18,189**	537
	1,788,728	312,188
Net investment income	**5,513,449**	1,603,385
Net realized gain (loss) on sale of investments (note 6)	**(6,728,372)**	98,514
Net change in unrealized gain (loss) on investments	**(18,234,515)**	1,255,020
Total results of operations	$ **(19,449,438)**	$ 2,956,919
Results of operations per unit [1]		
Net investment income	**$ 0.66**	$ 0.19
Net realized gain (loss) on sale of investments	**(0.80)**	0.01
Net change in unrealized gain (loss) on investments	**(2.18)**	0.15
	$ (2.32)	$ 0.35

[1] Based on the weighted average number of units outstanding.

see accompanying notes

Statement of Changes in Net Assets

	Year ended December 31, 2006	Period from August 29, 2005 to December 31, 2005
Net Assets – beginning of period	$ 81,534,594	$ –
Operations:		
Net investment income	5,513,449	1,603,385
Net realized gain (loss) on sale of investments	(6,728,372)	98,514
Net change in unrealized gain (loss) on investments	(18,234,515)	1,255,020
	(19,449,438)	2,956,919
Unitholder Transactions: (note 3)		
Issuance of trust units, net	862,085	79,846,306
Repurchase of trust units	(2,486,021)	–
	(1,623,936)	79,846,306
Distributions to Unitholders: (note 7)		
From net investment income	(6,362,014)	(1,268,631)
Return of capital	(1,148,567)	–
	(7,510,581)	(1,268,631)
Net Assets – end of period	$ 52,950,639	$ 81,534,594
Distributions per unit	$ 0.90	$ 0.15

see accompanying notes

Statement of Cash Flows

	Year ended December 31, 2006	Period from August 29, 2005 to December 31, 2005
Cash flows from operating activities:		
Net investment income	$ 5,513,449	$ 1,603,385
Fees paid in trust units	848,565	191,701
Net change in non-cash working capital	(901,948)	(524,869)
Purchase of investments	(78,653,597)	(84,896,538)
Proceeds from sale of investments	68,284,101	11,598,463
	(4,909,430)	(72,027,858)
Cash flows from financing activities:		
Proceeds from issuance of trust units, net	13,383	79,605,126
Increase in loan payable	9,000,000	–
Cash distributions to unitholders	(7,510,581)	(1,268,631)
Repurchase of trust units	(2,486,021)	–
	(983,219)	78,336,495
Net increase (decrease) in cash and term deposits	(5,892,648)	6,308,637
Cash and term deposits, beginning of period	6,308,637	–
Cash and term deposits, end of period	$ 415,989	$ 6,308,637

see accompanying notes

Statement of Investments

	December 31, 2006				December 31, 2005			
	Number of Units Held	Cost	Market Value	% of Market	*Number of Units Held*	Cost	Market Value	% of Market
Oil & Gas Royalty Trusts								
Baytex Energy Trust	*225,000*	$ 5,036,483	$ 5,013,000		–	$ –	$ –	
Bonavista Energy Trust	*180,000*	6,142,638	5,067,000		*170,000*	5,858,965	6,477,000	
Crescent Point Energy Trust	*300,000*	5,932,110	5,280,000		*200,000*	4,059,246	4,136,000	
Daylight Energy Trust	*300,000*	4,188,365	3,063,000		*500,000*	6,182,160	6,215,000	
Fairborne Energy Trust	*435,000*	6,498,717	4,545,750		*350,000*	5,641,999	5,775,000	
Focus Energy Trust	*255,000*	5,938,030	4,635,900		*200,000*	4,624,912	5,144,000	
Ketch Resources Trust	–	–	–		*250,000*	2,881,736	2,810,000	
NAL Oil & Gas Trust	*325,000*	5,688,581	4,000,750		*237,000*	4,087,447	4,284,960	
Paramount Energy Trust	*250,000*	5,291,943	3,100,000		*200,000*	4,274,074	4,434,000	
PennWest Energy Trust	*55,000*	2,289,621	1,956,350		*55,000*	2,058,871	2,089,450	
Peyto Energy Trust	–	–	–		*50,000*	1,355,728	1,269,500	
Progress Energy Trust	*380,000*	6,050,336	4,776,600		*325,000*	5,289,753	5,580,250	
Trilogy Energy Trust	*200,000*	4,654,399	2,280,000		*250,000*	6,190,096	5,950,000	
Vault Energy Trust	–	–	–		*425,000*	4,988,468	4,845,000	
Vermilion Energy Trust	*150,000*	4,661,954	5,250,000		–	–	–	
Zargon Energy Trust	*175,000*	5,453,740	4,338,250		*60,000*	1,816,848	1,905,000	
		67,826,917	53,306,600	88.1%		59,310,303	60,915,160	75.2%
Oil & Gas Corporations								
Bankers Petroleum Ltd.	*900,000*	1,030,923	585,000		*400,000*	556,636	564,000	
Crew Energy Inc.	*150,000*	2,583,059	1,845,000		*100,000*	1,880,786	1,870,000	
Cyries Energy Inc.	*29,800*	405,483	377,268		*135,000*	2,137,983	2,026,350	
Fairquest Energy Ltd.	–	–	–		*150,000*	1,401,251	1,246,500	
HighPine Oil & Gas Ltd.	*70,000*	1,545,614	1,099,000		*80,000*	1,848,705	1,656,000	
Midnight Oil Exploration Ltd.	*200,000*	816,479	474,000		*235,000*	967,785	1,038,700	
Open Range Energy Corp.	–	–	–		*60,000*	186,000	285,000	
OPTI Canada Inc.	–	–	–		*70,000*	2,651,348	2,671,900	
ProEx Energy Ltd.	*135,000*	2,156,913	1,734,750		*145,000*	2,455,792	2,378,000	
Vero Energy Inc.	*100,000*	641,305	606,000		–	–	–	
		9,179,776	6,721,018	11.1%		14,086,286	13,736,450	17.0%
Sustainable Production units – repurchased for cancellation	*5,100*	31,020	30,600	0.1%	–	–	–	
Investments		77,037,713	60,058,218	99.3%		73,396,589	74,651,610	92.2%
Cash and Term Deposits		415,989	415,989	0.7%		6,308,637	6,308,637	7.8%
Total		$ 77,453,702	$ 60,474,207	100.0%		$ 79,705,226	$ 80,960,247	100.0%

All of the oil & gas royalty trusts are trust units, while all of the oil & gas corporations are common shares.

Notes to Financial Statements

December 31, 2006 and 2005

1. STRUCTURE OF THE FUND

Sustainable Production Energy Trust (the "Fund" or "Sustainable") is a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 29, 2005. The Fund commenced operations on October 17, 2005, when it completed an issue of 8.4 million trust units at $10.00 per unit through an initial public offering. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the Fund by special resolution passed at a meeting called for such purpose.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and cash equivalents

Cash consists of cash on hand and short term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are stated at market values based on closing market quotations. Average cost is used to compute realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to unitholders in 2006 and 2005, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recorded on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) Financial instruments

The fair values of the Fund's financial instruments which are comprised of cash and term deposits, revenue receivable, accounts receivable, receivable for investments sold, prepaid expenses, accounts payable and accrued liabilities, payable for investments purchased, distributions payable and loan payable approximate their carrying amount due to the short-term maturity of these instruments.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Issued and outstanding	**December 31, 2006**		December 31, 2005	
	Number	**Amount**	Number	Amount
Trust units – beginning of period	**$ 8,461,311**	**$ 79,846,306**	$ –	$ –
Issued for cash:				
Initial public offering	**–**	**–**	7,997,193	80,000,140
Over-allotment provision	**–**	**–**	440,000	4,400,000
Agents' fees and issue costs	**–**	**13,383**	–	(4,795,014)
Issued for services (note 4)	**90,690**	**836,342**	24,118	241,180
Issued under DRIP	**2,054**	**12,360**	–	–
Repurchases of trust units	**(313,900)**	**(2,486,021)**	–	–
Trust units – end of period	**$ 8,240,155**	**$ 78,222,370**	$ 8,461,311	$ 79,846,306

The weighted average number of units outstanding for the year ended December 31, 2006 was 8,362,223 units (2005 – 8,350,814 units).

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of units outstanding at the beginning of each such quarter. For the year ended December 31, 2006, 313,900 trust units were required to be repurchased under this program at an average cost of $7.92 per unit (2005 – no units).

Unitholders of Sustainable can acquire additional units by participating in the Distribution Reinvestment Plan ("DRIP"). The DRIP enables unitholders to reinvest their monthly distributions in additional units of the Fund at the 5 day weighted average market price of the Fund's units. For the year ended December 31, 2006, a total of 2,054 units were issued under the DRIP (2005 – no units).

Unitholders have the right to redeem their units on an annual basis in January of each year, commencing January 2007. The redemption value is net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount.

4. ADMINISTRATIVE AND INVESTMENT MANAGER/DIRECTORS' FEES

Sustainable PE Management Inc. ("SPEM") is the administrator of the Fund and Galileo Equity Management Inc. is the investment manager of the Fund. Pursuant to the administrative services and investment management agreements, total annual administrative and investment manager fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears. For the year ended December 31, 2006, the Fund issued 84,359 trust units and recorded an expense of $838,456 in respect of the administrative and investment management fees during the year (2005 – 17,868 units and an expense of $191,188). The administrative services agreement also provides for the reimbursement of certain expenses incurred by the administrator during the performance of its duties. As at December 31, 2006, included in accounts receivable were amounts owed from SPEM of $285,590 (2005 - $90,296 in accounts receivable).

Directors of SPEM received a total of 6,331 trust units in October 2006 (October 2005 – 6,250 units) as payment for their annual retainers.

5. TRAILER FEE

Sustainable pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by unitholders in accounts with investment dealers. For the year ended December 31, 2006, the Fund recorded an expense of $282,972 relating to the trailer fee (2005 - $76,152).

6. INVESTMENTS

The net realized gain (loss) on the sale of investments was determined as follows:

For the periods ended December 31,		2006		2005
Net proceeds from the sale of securities	$	**68,284,101**	$	11,598,463
Less cost of securities sold:				
Investments at cost – beginning of period		**73,396,589**		–
Investments purchased during period		**78,653,597**		84,896,538
Investments at cost – end of period		**(77,037,713)**		(73,396,589)
Cost of investments disposed of during period		**75,012,473**		11,499,948
Net realized gain (loss) on sale of investments	$	**(6,728,372)**	$	98,514

7. CASH DISTRIBUTIONS

The Fund pays out monthly cash distributions based upon cash distributions received by the Fund less estimated expenses. For the year ended December 31, 2006, the Fund also distributed a portion of its realized capital gains and/or return of capital in order to supplement distributions.

For the periods ended December 31		2006		2005
Net investment income for the period	$	**5,513,449**	$	1,603,385
Add fees paid by issuance of units		**848,565**		191,701
Capital distributed (cash flow retained)		**1,148,567**		(526,455)
Cash distributions	$	**7,510,581**	$	1,268,631
Cash distributions per unit		**$ 0.90**		$ 0.15

8. LOAN FACILITY

The Fund maintains a revolving credit facility with a Canadian chartered bank to a maximum of $20 million or 25% of the total assets of the Fund. At December 31, 2006, an amount of $9.0 million was drawn on the facility (2005 – nil). The facility will revolve until March 19, 2008 and for a further 364 days at the option of the bank. Borrowings are collateralized by a general security agreement which provides a first floating charge over the Fund's assets. The facility bears interest at the bank's prime lending rate or at banker's acceptance rates plus stamping fees if advances are made in that form.

9. BROKER COMMISSIONS

For the year ended December 31, 2006, the Fund paid commissions to brokers of $355,509 (2005 – $268,877) and they are recorded in the purchase and sale of investments.

10. SUBSEQUENT EVENT

On January 2, 2007, unitholders redeemed a total of 757,067 trust units at a redemption value of $6.43 per unit for a total of $4.9 million. Unitholders of the Fund have the right to redeem their units on an annual basis in January of each year. The redemption value is the net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount.

Corporate Information

Administrators
Citadel Diversified Management Ltd.
Citadel S1 Management Ltd.
Citadel TEF Management Ltd.
Citadel CPRT Management Ltd.
Citadel Series Management Ltd.
Equity Lift Management Ltd.
N.A. Energy Management Inc.
Stable Yield Management Inc.
Sustainable PE Management Inc.
Equal Weight Management Ltd.
CGF Funds Management Ltd.
CGF Resource FT Funds Management Ltd.
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Investment Manager
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SRC.un and CSR.un)
Bloom Investment Counsel, Inc.
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Investment Manager
(EPF.un, SPU.un and CGF Resource 2006)
Galileo Equity Management Inc.
161 Bay Street, Suite 4730
Toronto, Ontario M5J 2S1

Investment Manager
(CPF.un)
Fiera YMG Capital Inc.
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Rebalancing Advisor
(IEP.un, EQW.un and FPR.pr.a)
Shaunessy Investment Counsel Inc.
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Calgary, Alberta T2T 5R6

Directors and Officers
Harold P. Milavsky - Chairman of the Board
Micheline Bouchard - Director
Doug D. Baldwin - Director
Kent J. MacIntyre - Director
James T. Bruvall - Director and Chief Executive Officer
Darren K. Duncan - Chief Financial Officer

Trustee
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Sixth Floor
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Calgary, Alberta T2P 3S8

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Legal Counsel
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Auditors
PricewaterhouseCoopers LLP
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Calgary, Alberta T2P 5L3

Stock Exchange Listings
The Toronto Stock Exchange
Citadel Diversified Investment Trust units: **CTD.un**
Citadel S-1 Income Trust Fund units: **SDL.un**
Citadel HYTES Fund units: **CHF.un**
Citadel SMaRT Fund units: **CRT.un**
Citadel Premium Income Fund units: **CPF.un**
Series S-1 Income Fund units: **SRC.un**
Income & Equity Index Participation Fund units: **IEP.un**
Energy Plus Income Trust units: **EPF.un**
Citadel Stable S-1 Income Fund units: **CSR.un**
Sustainable Production Energy Trust units: **SPU.un**
Equal Weight Plus Fund units: **EQW.un**
Financial Preferred Securities Corporation shares: **FPR.pr.a**
CGF Resource 2006 Flow-Through Limited Partnership units: not listed

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Group of Funds

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